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Approved By:

Robert Hanson
Agricultural Attaché

Prepared By:

Diogo Machado Mendes
Agricultural Specialist

Report Highlights:

In 2010, Portugal's agriculture, fish and forest product imports from the United States were valued at \$264 million, up 53 percent from the previous year, but still far from the \$375 million achieved in 2008. Fish and seafood, tree nuts and other consumer-oriented products continue to offer the best U.S. export opportunities in Portugal. This report provides guidance to U.S. companies interested in exporting consumer-oriented food products to Portugal and includes an overview of the country's economic situation, market structure, and export requirements.

SECTION I. MARKET OVERVIEW

Portugal Economic Trends

Portugal's population is approximately 10.6 million. Due to a deficit in the trade balance of agricultural and food goods Portugal relies heavily on imports to supply its population. In 2010 imports of consumer oriented products fell by 3.8% from the previous year to 5.2 billion USD as a result of declines in both intra-EU trade and extra-EU trade. Portugal was affected by the international financial crisis in 2008 and is still struggling to recover. Unemployment is currently above 11%, the budget deficit is 9.3%, and the country has one of the highest levels of private and public debt in the EU. According to European Union forecasts, labor market conditions are expected to improve only towards the end of 2012 following the recovery in private investment activity.

Portugal is a very good gateway into third markets as it keeps close business ties with countries and territories including Brazil, Macau, Angola, Mozambique, and other African countries, where Portuguese is spoken by over 250 million people. Portugal is also an excellent entry point into the EU market. English is widely spoken, the population is friendly toward Americans, and the country has one of the lower commercial cost business environments in Western Europe.

Table 1: Selected Indicators

	2009	2010	2011	2012
GDP growth (% , year-on-year)	-2.6	1.3	-1.0	0.8
Inflation (% , year-on-year)	-0.9	1.4	2.3	1.3
Unemployment (%)	9.6	10.5	11.1	11.2
Public budget balance (% of GDP)	-9.3	-7.3	-4.9	-5.1
Current account balance (% of GDP)	-10.4	-10.7	-8.0	-6.7

Source: European Commission – European Economic Forecast autumn 2010

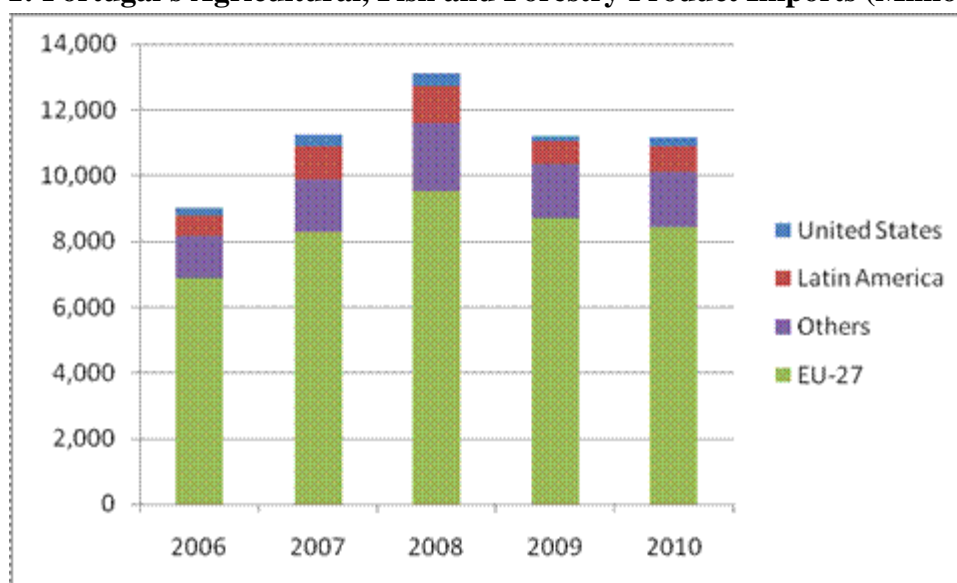
http://ec.europa.eu/economy_finance/eu/forecasts/2010_autumn_forecast_en.htm

Table 2: Advantages and Challenges of U.S. Agricultural Products in Portugal

Advantages	Challenges
Portugal is a net importer of food and agricultural products. U.S. food and agricultural products have a good reputation for quality.	Competition from neighboring EU countries is fierce.
Good gateway to the Iberian Peninsula, Europe, and Portuguese speaking countries.	U.S. exports face higher transportation costs and difficulties in shipping mixed or smaller container loads.
Domestic distribution systems are efficient.	Supermarkets and hypermarkets shelf space is expensive.
Access the Portuguese market through multinational chains like SONAE, Jeronimo Martins, Auchan and El Corte Ingles.	High marketing costs (advertising, discounts, etc.) are necessary. U.S. suppliers, determined to maintain market share, may need to conduct annual promotion activities.
Consumers are more health conscious and demand has been growing for value-added products, convenience foods and functional foods.	Importers prefer to take delivery on short notice to avoid storage charges.
Favorable dollar exchange rate – U.S. exports are very competitive.	Household disposable income is getting lower as the economic crisis unfolds in the country.

The following chart shows Portuguese imports of Agricultural, Fish and Forestry Products in the last 5 years. The overall price spike of 2008 is reflected in a significantly higher value of imports in that year. The market share of the different export country groups has been relatively stable with the EU-27 accounting for around 75%, Latin America for 7% and the U.S. for 2.5% of the country's imports.

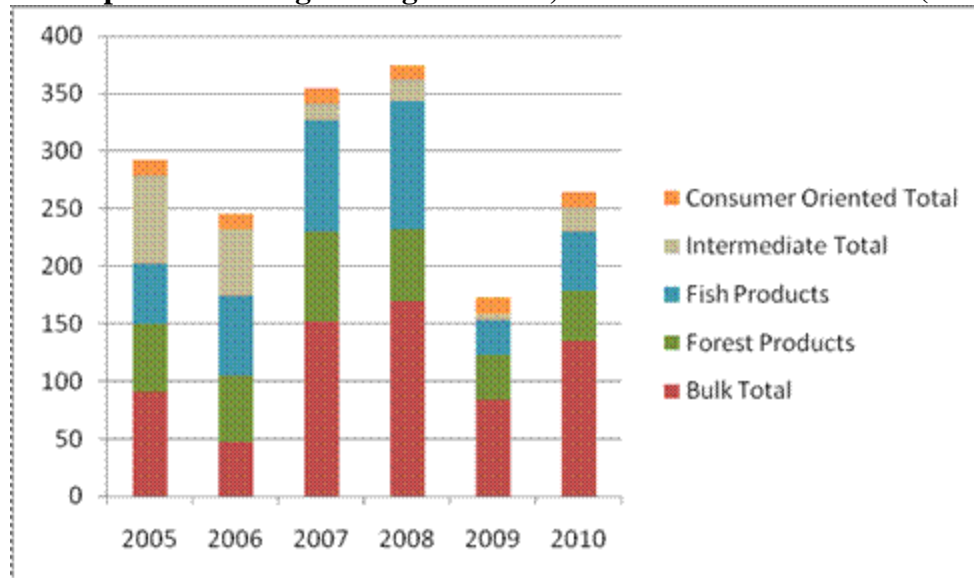
Chart 1: Portugal's Agricultural, Fish and Forestry Product Imports (Million USD)



Source: GTA

In 2010 there was an overall 53% increase in the value of U.S. exports of agricultural, fish and forest products to Portugal (see chart below), which follows largely from the evolution of world prices. The Bulk group of products continues to be the most important with sales worth 135 million USD (51% of the total), followed by fish products worth 51.5 million USD (19%), forest products worth 43 million USD (16%), intermediate goods worth 21.5 million USD (8%) and consumer ready products worth 12.8 million USD (8%).

Chart 2: U.S. Exports to Portugal of Agricultural, Fish and Forest Products (Million USD)



Source: GTA

SECTION II. EXPORTER BUSINESS TIPS

Local Business Practices

Success in introducing your product in the Portugal market depends on acquiring local representation and making personal contact. The advantages of local representation include market knowledge, up-to-date information and guidance on business practices and trade laws, sales contacts, and market development expertise. Good contacts are important for the exporter to be aware of future contracts and participate in tenders. Having a distributor that is appointed on an exclusive basis is ideal. While modern sales techniques are becoming more prevalent, many business people still prefer personal contact as a way of doing business rather than just via email, fax or phone. English is a widely spoken second language in Portugal, and U.S. exporters can expect to conduct their meetings with contacts in English.

Large importers and wholesalers have branch sales offices and/or sub-agents or dealers in the principal cities and towns, with main offices concentrated in Porto and Lisbon. Typically, food products are

imported by an importer, broker and/or a distributor.

General Consumer Tastes and Preferences

The traditional Portugal diet is the co-called “Mediterranean Diet”, which is based on seafood, meat, vegetables, salads, fresh fruits, olive oil and wine, is being challenged. As consumers have less time for food preparation, the Portugal market is increasingly characterized by a trend towards more novelties and specialties, less basic foodstuffs, more “natural” and delicatessen foods, more prepared and ready to eat products favoring convenience. Consumers are also increasingly responding to high quality and attractive packaging.

Influenced by constant advertising in the daily and weekly press and TV, consumers tend to follow fashionable trends, use new products and adopt new consumption habits. Increasing travel abroad by Portuguese, as well as a growing influx of foreign tourists into Portugal is also increasing demand for new products and an interest in ethnic foods, in particular. In addition, Portugal consumers are health conscious about food. Problems or potential problems concerning food safety are widely publicized and usually receive immediate attention from government agencies.

Food Standards and Regulations

For more information on food standards and regulations, please consult the Food and Agricultural Import Regulations and Standards Report (FAIRS) and the FAIRS Export Certificate Report for the EU at: <http://www.fas.usda.gov/scripts/AttacheRep/default.asp>. Also, please check the U.S. Mission to the European Union web page at <http://www.useu.be/agri/expguide.html> for helpful information on exporting U.S. food and agricultural products into the EU.

Import and Inspection Procedures

Portugal uses the Harmonized Nomenclature and Classification System (HS) and applies import duties according to a maximum and minimum rate schedule. The minimum tariff rate is applied to goods originating in countries entitled to the benefits of most-favored nation treatment (that is, members of the World Trade Organization (WTO) and countries with which the EU has signed trade agreements) including the United States. However, the EU has negotiated free-trade agreements, providing in many cases tariff-free access to the European market, which can leave the U.S. exporter at a disadvantage.

The local importer is the first responsible to the Portuguese Government of imported food products when they enter Portuguese territories. Therefore, the Portuguese agent/importer should guide you through the whole process to market your product in Portugal.

The following documents are required for ocean or air cargo shipments of food products to

Portugal:

- Bill of Lading and/or Airway Bill
- Commercial Invoice
- Phytosanitary Certificate and/or Health Certificate when applicable
- Import Certificate

Most food products require an Import Certificate issued by the competent Portuguese authority. However, the Import Certificate is obtained by the Portuguese importer and/or the agent involved in the business and is intended for tariff classification purposes.

Please keep in mind that if the product you are exporting into Portugal does not comply with EU harmonized regulations, Portuguese customs or health authorities may not allow entry of the product.

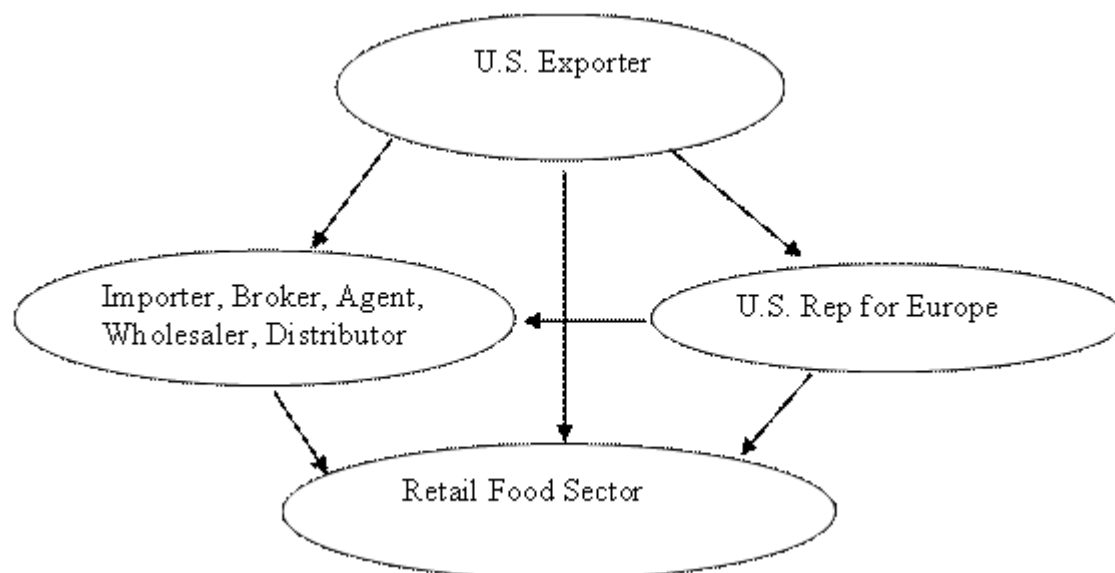
SECTION III. MARKET SECTOR STRUCTURE AND TRENDS

Food Retail Sector

The Portugal retail food market is diversified. Hypermarkets/supermarkets, convenience stores, major discount stores and specialized stores coexist with the traditional corner grocery stores and open-air markets, even though the total number of retail outlets has decreased significantly in the last decade:

- In Portugal, hyper and supermarkets account for 60 percent of total food sales. There has been consolidation in the sector with the five larger distribution companies having now an aggregated market share of 64%, which is about the EU average.
- There is increasing competition in the scope and range of product offerings, including ready-to-eat and/or ready-to-cook foods, take away meals, and home delivery and the prices and services retailers offer consumers.
- An increasing supply of imported products has intensified competition among suppliers and retailers.
- EU Member States are the first suppliers of imported consumer-ready products, including seafood.

Diagram 1: Retail Market Structure:



For more information on the Portugal Retail Food Sector, please consult <http://www.fas.usda.gov/scripts/AttacheRep/default.asp> for the latest retail sector reports for Portugal.

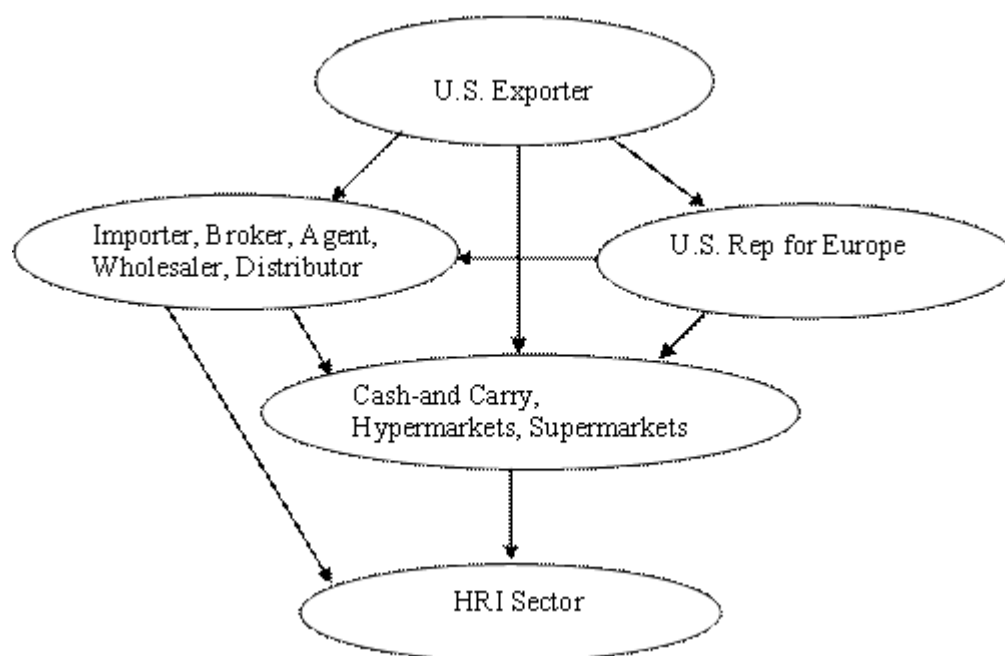
HRI Sector

The HRI sector expanded significantly during the mid 80's and 90's and into the 2000's, as a result of the profound social and economic changes unleashed upon Portugal's accession to the European Union (EU) in 1986. The expansion is not yet complete, nor has it slowed much over the years, so we expect that the sector will be of growing interest to some U.S. exporters.

Synopsis of the HRI sector:

- Portugal is becoming one of the top tourism destinations in Europe with the number of tourists increasing every year, boosting demand for meals in the HRI sector;
- Restaurant chains, including ethnic and fast food, are gaining market share and are expected to continue growing; and,
- Consumption of ready-to-eat/take away food continues to grow as consumers substitute home-cooked for convenience and timesaving. Most hyper and supermarket chains now offer ready-to-eat/take away food, and there is an increasing number of food outlets specializing in take-away food, ranging from barbecue to more traditional meals.

Diagram 2: HRI Market Structure:



For more information on the Portugal HRI Sector, please consult the HRI sector report for Portugal at <http://www.fas.usda.gov/scriptsw/AttacheRep/default.asp>

Food Processing Sector

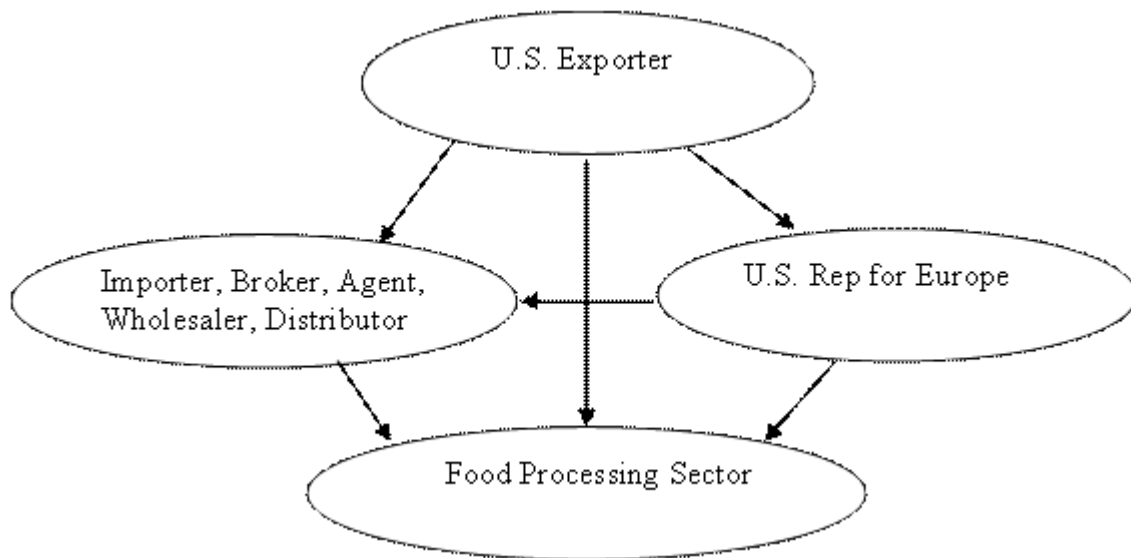
The Portugal food-processing sector has modernized and expanded significantly during the last couple of decades. With integration into the European Union in 1986, the Portugal food-processing sector began a profound modernization in order to adapt to new EU requirements. Portugal now has some of the most competitive food processing industries in Europe, which makes this sector an important target for U.S. food-ingredient exporters.

Portugal food-processing sector in summary:

- Modern, with special attention to the quality, safety, and traceability of the food products it produces.
- Generates about 16 percent of Portugal's total industrial production, accounting for about 7.6 percent of the national gross domestic product.

- Comprises around 11,000 companies that employ an estimated 111,000 people;
- Is dominated by medium and small companies—only 2.8 percent of the companies employ more than 50 people and 80 percent employ less than 10 people.

Diagram 3: Food Processing Market Structure:



For more information on the Portugal food processing sector, please consult the food processing sector report for Portugal at <http://www.fas.usda.gov/scriptsw/AttacheRep/default.asp>

SECTION IV. BEST CONSUMER ORIENTED PRODUCT PROSPECTS

HS Code	Product Category	2010 Market Size (US\$ Million)	2010 Portuguese Imports (US\$ Million)	5 Year Average Import Growth (%)	Import Tariff Rate	Key Constraints	Attraction for U.S. Exporters
1001	Wheat	352	338	-7%	*	Price sensitivity.	Portugal is a net importer of grains.
1005	Corn	486	339	6%	*	GM legislation	Portugal is a net importer of grains and oilseeds for feed consumption.
120100	Soybeans	364	375	-17%	*	Price sensitivity and volatility. Competition from Brazil. GM legislation.	Portugal is a net importer of grains and oilseeds for feed consumption.
120810	Soybean Meal	1	5	40%	*	Price sensitivity and volatility. Competition from Brazil and Argentina.	Portugal is a net importer of feed raw materials.
1507	Soybean Oil	56	116	656%	*	Price sensitivity and volatility. Competition from Brazil and Argentina.	Food and Biodiesel Market.
120600	Sunflower Seeds	151	67	131%	*	Competition from Israel, Argentina and China.	Good reputation of U.S. produced confectionary sunflower seeds.
1512	Sunflower Oil and others	116	75	60%	*		
713	Pulses	42	59	-6%	*	Strong competition from Canada and Argentina.	Domestic consumption of pulses is high in Portugal, particularly for dry edible beans, an important component of the Portuguese diet. Portuguese companies also process and re-export dry edible beans.
802	Nuts	236	42	-6%	*	Aflatoxin controls.	Domestic consumption of tree nuts is increasing due to their utilization in the confection industry.
303	Frozen Fish	526	413	-25%	*	Heavy competition from other EU Member States and domestic suppliers.	Good reputation and reliability of U.S. producers. New market opening up for re-exports to Brazil after processing in Portugal.

* Please see [2011 EU Common Customs Tariff](#) for the conventional rate of duties (%) and the WTO tariff quotas to be opened by the competent Community authorities (Annex 7).

SECTION V. KEY CONTACTS AND FURTHER INFORMATION

If you have any questions or comments regarding this report or need assistance exporting to Portugal, please contact the Office of Agricultural Affairs in Madrid at the following address:

Foreign Agricultural Service
American Embassy, Madrid American Embassy, Madrid
PSC 61, Box 20 C/ Serrano, 75
APO AE 09642 28006 Madrid
Tel. 34-91 587 2555 Spain
Fax: 34-91 587 2556
Email: AgMadrid@usda.gov
<http://spanish.madrid.usembassy.gov/>

Please consult our home page for more information on exporting U.S. food products to Portugal. Importer lists are also available from our office to exporters of U.S. food products. A list of trade associations and useful government agencies is provided below:

PORTUGAL

Trade Associations

APED-Associação Portuguesa de Empresas de Distribuição
(Portuguese Association of Distribution Companies)
Campo Grande, 285-5º
1700-096 Lisboa
Tel: 351-21-751-0920
Fax: 351-21-757-1952
www.aped.pt

ARESP-Associação da Restauração e Similares de Portugal
(Portuguese Associations for HRIs Sector)
Av. Duque d'Avila, 75
1000 Lisboa
Tel. 351-21-352-7060
Fax: 351-21-354-9428
Email: aresp@aresp.pt
www.aresp.pt

FIPA-Federação das Indústrias Portuguesas Agro-Alimentares
(Federation of the Agro-Food Portuguese Industries)
Av. António José de Almeida, 7-2º
1000-042 Lisboa
Tel: 351-21-793-8679

Fax: 351-21-793-8537

Email: info@fipa.pt

www.fipa.pt

Government Agencies

ASAE - Autoridade da Segurança Alimentar e Económica
(Food Safety and Economic Authority)

Av. Conde de Valbom, 98

1069-185 Lisboa

Tel. 217 983 600

Fax: 217 983 654

Email: correio.asae@asae.pt

www.asae.pt

Direcção Geral da Alfandega e Dos Impostos Especiais sobre o Consumo
(General Directorate for Customs and Special Taxation on Consumption)

Rua da Alfandega, No. 5 r/c

1149-006 Lisboa

Tel. 351-218813700

Fax: 351-218813990

Email: dgaiec@dgaiec.min-financas.pt

www.dgaiec.min-financas.pt

Direcção Geral da Alfandega e Dos Impostos Especiais sobre o Consumo
(General Directorate for Customs and Special Taxation on Consumption)

Direcção de Serviços do Licenciamentos (**Import Certificates**)

R. Terreiro do Trigo

Edif. Alfândega

1149-060 Lisboa

Tel. 351-218814262

Fax 351-218814261

Email: dsl@dgaiec.min-financas.pt

www.dgaiec.min-financas.pt

For more information on exporting U.S. agricultural products to other countries, please visit the Foreign Agricultural Service home page at www.fas.usda.gov

APPENDIX - STATISTICS

A. KEY TRADE & DEMOGRAPHIC INFORMATION

Agricultural Imports From All Countries (\$Mil) / U.S. Market Share (%) ⁽¹⁾ - 2010	\$8,634/1.96%
Consumer Food Imports From All Countries(\$Mil)/U.S. Market Share (%) ⁽¹⁾ 2010	\$5,183/0.25%
Edible Fishery Imports From All Countries (\$Mil) / U.S. Market Share (%) ⁽¹⁾ - 2010	\$1,749/2.95%
Total Population (Millions) / Annual Growth Rate (%) - 2010	10.7/0.3%
Urban Population (Millions) / Annual Growth Rate (%) – 2010	5.8/0.4%
Number of Major Metropolitan Areas ⁽²⁾	2
Per Capita Gross Domestic Product (PPP) - 2010	\$21,700
Unemployment Rate (%) - 2010	10.50%
Per Capita Food Expenditures (Euros) - 2010	1300
Percent of Female Population Employed - 2010	48%
Exchange Rate (US\$1 = 1 Euro) - March 2011	0.72

(1) GTA

(2) Population in excess of 1,000,000

B. CONSUMER FOOD & EDIBLE FISHERY PRODUCT IMPORTS

Portugal Imports (In Millions of Dollars)	Imports from the World			Imports from the U.S.			U.S Market Share %		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
CONSUMER-ORIENTED AGRICULTURAL TOTAL	5,709	5,390	5,183	12.7	14.5	12.8	0.22	0.27	0.25
Snack Foods (Excl. Nuts)	419	397	375	0.5	0.6	0.6	0.13	0.16	0.16
Breakfast Cereals & Pancake Mix	101	93	81	0.0	0.0	0.0	0.04	0.03	0.05
Red Meats Fresh/Chilled/Frozen	927	928	864	0.0	0.0	0.0	0.00	0.00	0.00
Red Meats Prepared/Preserved	198	194	184	0.0	0.0	0.0	0.00	0.00	0.00
Poultry Meat	105	108	109	0.0	0.0	0.0	0.00	0.00	0.00
Dairy Products (Excl. Cheese)	652	571	514	0.0	0.1	0.0	0.00	0.01	0.01
Cheese	219	192	187	0.0	0.0	0.0	0.00	0.00	0.00
Eggs & Products	35	44	34	0.0	0.1	0.0	0.00	0.21	0.00
Fresh Fruit	662	569	602	0.0	0.0	0.0	0.00	0.00	0.00
Fresh Vegetables	268	232	251	0.0	0.0	0.0	0.00	0.00	0.02
Processed Fruit & Vegetables	379	364	349	0.5	0.8	0.7	0.14	0.23	0.20
Fruit & Vegetable Juices	91	74	91	0.1	0.1	0.2	0.08	0.09	0.21
Tree Nuts	53	51	49	5.5	4.7	4.9	10.46	9.25	10.07
Wine & Beer	196	187	159	0.0	0.4	0.0	0.00	0.19	0.03
Nursery Products & Cut Flowers	166	111	110	0.1	0.1	0.0	0.04	0.12	0.01
Pet Foods (Dog & Cat Food)	150	156	141	1.3	0.6	0.5	0.87	0.36	0.35
Other Consumer-Oriented Products	1,090	1,120	1,084	4.5	7.0	5.7	0.42	0.62	0.53
FISH & SEAFOOD PRODUCTS	2,020	1,725	1,749	111.9	29.5	51.5	5.54	1.71	2.95
Salmon	38	45	61	0.6	1.5	1.7	1.49	3.28	2.83
Surimi	0	0	0	0.0	0.0	0.0	0.00	0.00	0.00
Crustaceans	262	246	243	0.4	0.2	0.0	0.16	0.08	0.02
Groundfish & Flatfish	552	366	368	17.8	3.0	2.5	3.23	0.83	0.67
Molluscs	215	220	237	0.2	0.1	0.5	0.10	0.05	0.19
Other Fishery Products	952	848	839	92.9	24.7	46.8	9.76	2.91	5.58
AGRICULTURAL PRODUCTS TOTAL	10,072	8,792	8,634	200.5	104.4	169.7	1.99	1.19	1.96
AGRICULTURAL, FISH & FORESTRY TOTAL	13,092	11,210	11,156	374.6	172.9	264.2	2.86	1.54	2.37

Source: GTA

C. TOP 15 SUPPLIERS OF CONSUMER FOODS & EDIBLE FISHERY PRODUCTS

Portugal - Top 15 Suppliers

CONSUMER-ORIENTED AGRICULTURAL PRODUCTS			
\$1,000	2008	2009	2010
Spain	3,027,508	2,803,986	2,669,583
France	635,869	630,844	605,766
Germany	486,005	479,341	442,338
Netherlands	402,574	352,517	350,732
Italy	203,620	214,038	204,315
Belgium	175,121	178,737	172,250
Ireland	96,529	104,564	82,138
Brazil	68,092	62,139	67,475
Costa Rica	70,318	64,960	67,203
Switzerland	45,395	58,827	66,251
United Kingdom	83,529	74,409	62,834
Denmark	68,645	60,590	59,317
Poland	23,293	38,250	47,393
South Africa	36,794	20,451	44,996
Argentina	34,921	27,201	24,547
World	5,708,674	5,390,348	5,183,247

Source: GTA

FISH & SEAFOOD PRODUCTS			
\$1,000	2008	2009	2010
Spain	925,389	827,666	768,480
Sweden	165,628	128,907	215,072
Netherlands	127,587	131,813	103,436
China	43,662	55,980	79,213
United States	111,943	29,518	51,525
Denmark	57,756	29,276	43,883
Vietnam	23,919	35,761	39,343
France	45,893	35,134	37,416
India	27,914	41,383	35,728
Greece	31,020	30,093	34,764
United Kingdom	20,832	26,116	31,370
Russia	84,457	45,889	28,474
Germany	24,000	34,900	28,017
Namibia	18,725	22,520	24,534
South Africa	24,815	18,126	20,073
World	2,020,135	1,725,336	1,748,707